		FOR OHF USE					

LL1

2004
STATE OF ILLINOIS
DEPARTMENT OF PUBLIC AID
FINANCIAL AND STATISTICAL REPORT FOR
LONG-TERM CARE FACILITIES
(FISCAL YEAR 2004)

IMPORTANT NOTICE
THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 45/3-208. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS MANAGEMENT CENTER.

I. IDPH Facility ID Number: 0046243

Facility Name: Royal Oaks Care Center

Address: 605 East Church Street (Number) Kewanee (City) 61443 (Zip Code)

County: Henry

Telephone Number: (309) 852-3389 **Fax #** (309) 853-1838

IDPA ID Number: 743055934002

Date of Initial License for Current Owners: 03/01/2003

Type of Ownership:

[ ]	VOLUNTARY,NON-PROFIT	[X]	PROPRIETARY	[ ]	GOVERNMENTAL
[ ]	Charitable Corp.	[ ]	Individual	[ ]	State
[ ]	Trust	[ ]	Partnership	[ ]	County
IRS Exemption Code		[ ]	Corporation	[ ]	Other
		[X]	"Sub-S" Corp.		
		[ ]	Limited Liability Co.		
		[ ]	Trust		
		[ ]	Other		

In the event there are further questions about this report, please contact:
Name: Christine A. Hanover **Telephone Number:** (312) 384-6000
Please send copies of desk review and audit adjustments to address on this page

II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER

I have examined the contents of the accompanying report to the State of Illinois, for the period from 01/01/04 to 12/31/04 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider	(Signed)	(Date)
	(Type or Print Name)	
	(Title)	
Paid Preparer	(Signed)	SEE ACCOUNTANTS' COMPILATION REPORT (Date)
	(Print Name and Title)	
	(Firm Name & Address)	Altschuler, Melvoin and Glasser LLP One South Wacker Drive, Suite 800, Chicago, IL 60606
	(Telephone)	(312) 384-6000 Fax # (312) 634-5518

MAIL TO: OFFICE OF HEALTH FINANCE
ILLINOIS DEPARTMENT OF PUBLIC AID
201 S. Grand Avenue East
Springfield, IL 62763-0001 **Phone # (217) 782-1630**

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

III. STATISTICAL DATA

A. Licensure/certification level(s) of care; enter number of beds/bed days, (must agree with license). Date of change in licensed beds N/A

	1 Beds at Beginning of Report Period	2 Licensure Level of Care	3 Beds at End of Report Period	4 Licensed Bed Days During Report Period	
1	200	Skilled (SNF)	200	73,200	1
2		Skilled Pediatric (SNF/PED)			2
3		Intermediate (ICF)			3
4		Intermediate/DD			4
5		Sheltered Care (SC)			5
6		ICF/DD 16 or Less			6
7	200	TOTALS	200	73,200	7

B. Census-For the entire report period.

	1 Level of Care	2 Patient Days by Level of Care and Primary Source of Payment: Public Aid Recipient	3 Private Pay	4 Other	5 Total	
8	SNF	26,097	6,695	1,410	34,202	8
9	SNF/PED					9
10	ICF					10
11	ICF/DD					11
12	SC					12
13	DD 16 OR LESS					13
14	TOTALS	26,097	6,695	1,410	34,202	14

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 46.72%

D. How many bed-hold days during this year were paid by Public Aid?
None (Do not include bed-hold days in Section B.)

E. List all services provided by your facility for non-patients.
(E.g., day care, "meals on wheels", outpatient therapy)
None

F. Does the facility maintain a daily midnight census? Yes

G. Do pages 3 & 4 include expenses for services or investments not directly related to patient care?
YES [X] NO [ ] Non-allowable costs have been eliminated in Schedule V, Column 7.

H. Does the BALANCE SHEET (page 17) reflect any non-care assets?
YES [ ] NO [X]

I. On what date did you start providing long term care at this location?
Date started 03/01/2003

J. Was the facility purchased or leased after January 1, 1978?
YES [X] Date 03/01/2003 NO [ ]

K. Was the facility certified for Medicare during the reporting year?
YES [X] NO [ ] If YES, enter number of beds certified 200 and days of care provided 1,407

Medicare Intermediary AdminaStar Federal

IV. ACCOUNTING BASIS

ACCRUAL [X] MODIFIED CASH* [ ] CASH* [ ]

Is your fiscal year identical to your tax year? YES [X] NO [ ]

Tax Year: 12/31/04 Fiscal Year: 12/31/04

* All facilities other than governmental must report on the accrual basis.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 **Report Period Beginning:** 01/01/04 **Ending:** 12/31/04

V. COST CENTER EXPENSES (throughout the report, please round to the nearest dollar)

	Operating Expenses	Costs Per General Ledger Salary/Wage 1	Supplies 2	Other 3	Total 4	Reclass-ification 5	Reclassified Total 6	Adjust-ments 7**	Adjusted Total 8	FOR OHF USE ONLY 9	10	
	A. General Services											
1	Dietary	125,965	19,338		145,303		145,303	7,448	152,751			1
2	Food Purchase		158,774		158,774		158,774	(1,526)	157,248			2
3	Housekeeping	90,577	16,883		107,460		107,460	31	107,491			3
4	Laundry	57,543	12,629		70,172		70,172		70,172			4
5	Heat and Other Utilities			164,749	164,749		164,749	810	165,559			5
6	Maintenance	24,021	36,624	5,381	66,026		66,026	7,542	73,568			6
7	Other (specify):* mgmt alloc of benefits							1,332	1,332			7
8	**TOTAL General Services**	298,106	244,248	170,130	712,484		712,484	15,637	728,121			8
	B. Health Care and Programs											
9	Medical Director			12,000	12,000		12,000		12,000			9
10	Nursing and Medical Records	1,171,778	81,169	1,270	1,254,217		1,254,217	20,745	1,274,962			10
10a	Therapy	4,621		475	5,096		5,096	6	5,102			10a
11	Activities	32,720	366		33,086		33,086	7	33,093			11
12	Social Services	22,608	792		23,400		23,400		23,400			12
13	Nurse Aide Training											13
14	Program Transportation											14
15	Other (specify):* mgmt alloc of benefits							5,889	5,889			15
16	**TOTAL Health Care and Programs**	1,231,727	82,327	13,745	1,327,799		1,327,799	26,647	1,354,446			16
	C. General Administration											
17	Administrative	76,298		215,000	291,298		291,298	(123,613)	167,685			17
18	Directors Fees											18
19	Professional Services			18,490	18,490		18,490	31,117	49,607			19
20	Dues, Fees, Subscriptions & Promotions			3,769	3,769		3,769	3,907	7,676			20
21	Clerical & General Office Expenses	63,480	4,358	20,769	88,607		88,607	77,779	166,386			21
22	Employee Benefits & Payroll Taxes			298,871	298,871		298,871		298,871			22
23	Inservice Training & Education			579	579		579	997	1,576			23
24	Travel and Seminar			1,026	1,026		1,026	2,800	3,826			24
25	Other Admin. Staff Transportation			7,448	7,448		7,448	7,909	15,357			25
26	Insurance-Prop.Liab.Malpractice			100,443	100,443		100,443	1,961	102,404			26
27	Other (specify):* mgmt alloc of benefits							22,668	22,668			27
28	**TOTAL General Administration**	139,778	4,358	666,395	810,531		810,531	25,525	836,056			28
29	**TOTAL Operating Expense (sum of lines 8, 16 & 28)**	1,669,611	330,933	850,270	2,850,814		2,850,814	67,809	2,918,623			29

***Attach a schedule if more than one type of cost is included on this line, or if the total exceeds $1000.**

SEE ACCOUNTANTS' COMPILATION REPORT

NOTE: Include a separate schedule detailing the reclassifications made in column 5. Be sure to include a detailed explanation of each reclassification.

Facility Name & ID Number Royal Oaks Care Center #0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

V. COST CENTER EXPENSES (continued)

	Capital Expense	Cost Per General Ledger Salary/Wage 1	Supplies 2	Other 3	Total 4	Reclass-ification 5	Reclassified Total 6	Adjust-ments 7**	Adjusted Total 8	FOR OHF USE ONLY 9	10	
	D. Ownership											
30	Depreciation			124,461	124,461		124,461	11,736	136,197			30
31	Amortization of Pre-Op. & Org.											31
32	Interest			215,888	215,888		215,888	31,925	247,813			32
33	Real Estate Taxes			61,649	61,649		61,649	(791)	60,858			33
34	Rent-Facility & Grounds							3,855	3,855			34
35	Rent-Equipment & Vehicles			24,014	24,014		24,014	135	24,149			35
36	Other (specify):*											36
37	**TOTAL Ownership**			426,012	426,012		426,012	46,860	472,872			37
	Ancillary Expense											
	E. Special Cost Centers											
38	Medically Necessary Transportation											38
39	Ancillary Service Centers		32,901		32,901		32,901		32,901			39
40	Barber and Beauty Shops											40
41	Coffee and Gift Shops											41
42	Provider Participation Fee			109,800	109,800		109,800		109,800			42
43	Other (specify):* Nonallowable Costs			23,885	23,885		23,885	(23,885)				43
44	**TOTAL Special Cost Centers**		32,901	133,685	166,586		166,586	(23,885)	142,701			44
45	**GRAND TOTAL COST (sum of lines 29, 37 & 44)**	1,669,611	363,834	1,409,967	3,443,412		3,443,412	90,784	3,534,196			45

***Attach a schedule if more than one type of cost is included on this line, or if the total exceeds $1000.**

****See schedule of adjustments attached at end of cost report.**

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

VI. ADJUSTMENT DETAIL

A. The expenses indicated below are non-allowable and should be adjusted out of Schedule V, pages 3 or 4 via column 7. In column 2 below, reference the line on which the particular cost was included. (See instructions.)

	NON-ALLOWABLE EXPENSES	1 Amount	2 Reference	3 OHF USE ONLY	
1	Day Care	$		$	1
2	Other Care for Outpatients				2
3	Governmental Sponsored Special Programs				3
4	Non-Patient Meals				4
5	Telephone, TV & Radio in Resident Rooms	(920)	43		5
6	Rented Facility Space				6
7	Sale of Supplies to Non-Patients				7
8	Laundry for Non-Patients				8
9	Non-Straightline Depreciation	342	30		9
10	Interest and Other Investment Income	(88)	32		10
11	Discounts, Allowances, Rebates & Refunds				11
12	Non-Working Officer's or Owner's Salary				12
13	Sales Tax	(1,136)	43		13
14	Non-Care Related Interest				14
15	Non-Care Related Owner's Transactions				15
16	Personal Expenses (Including Transportation)				16
17	Non-Care Related Fees				17
18	Fines and Penalties				18
19	Entertainment				19
20	Contributions	(4,534)	43		20
21	Owner or Key-Man Insurance				21
22	Special Legal Fees & Legal Retainers				22
23	Malpractice Insurance for Individuals				23
24	Bad Debt	(1,522)	43		24
25	Fund Raising, Advertising and Promotional	(7,995)	43		25
26	Income Taxes and Illinois Personal Property Replacement Tax				26
27	Nurse Aide Training for Non-Employees				27
28	Yellow Page Advertising				28
29	Other-Attach Schedule See Sch5A	(10,582)			29
30	**SUBTOTAL (A): (Sum of lines 1-29)**	$ (26,435)		$	30

OHF USE ONLY								
48		49		50		51		52

B. If there are expenses experienced by the facility which do not appear in the general ledger, they should be entered below.(See instructions.)

		1 Amount	2 Reference	
31	Non-Paid Workers-Attach Schedule*	$		31
32	Donated Goods-Attach Schedule*			32
33	Amortization of Organization & Pre-Operating Expense			33
34	Adjustments for Related Organization Costs (Schedule VII)	117,219		34
35	Other- Attach Schedule			35
36	**SUBTOTAL (B): (sum of lines 31-35)**	$ 117,219		36
37	**TOTAL ADJUSTMENTS (sum of SUBTOTALS (A) and (B))**	$ 90,784		37

***These costs are only allowable if they are necessary to meet minimum licensing standards. Attach a schedule detailing the items included on these lines.**

C. Are the following expenses included in Sections A to D of pages 3 and 4? If so, they should be reclassified into Section E. Please reference the line on which they appear before reclassification. (See instructions.)

		1 Yes	2 No	3 Amount	4 Reference	
38	Medically Necessary Transport.		x	$		38
39						39
40	Gift and Coffee Shops		x			40
41	Barber and Beauty Shops		x			41
42	Laboratory and Radiology		x			42
43	Prescription Drugs		x			43
44	Exceptional Care Program		x			44
45	Other-Attach Schedule		x			45
46	Other-Attach Schedule		x			46
47	**TOTAL (C): (sum of lines 38-46)**			$		47

SEE ACCOUNTANTS' COMPILATION REPORT

Royal Oaks Care Center
Provider #: 0046243
01/01/04 to 12/31/04 **Schedule 5A**

VI. Adjustment Detail
Line 29 - Other

Non-allowable expenses	Amount	Reference
Disallow Med Bills - VA	(110)	43
Disallow Labs - Part A	(5,469)	43
Disallow X-Rays Part A	(45)	43
Disallow Special Events - Activities	(654)	43
Disallow Special Events	(1,500)	43
Offset Meal Income	(1,431)	2
Offset Vending income	(98)	2
Non-Care Related Real Estate Tax Expens	(1,275)	33
Total	(10,582)	

SEE ACCOUNTANTS' COMPILATION REPORT

Royal Oaks Care Center

ID# 0046243

Report Period Beginning: 01/01/04

Ending: 12/31/04

	NON-ALLOWABLE EXPENSES	Amount	Sch. V Line Reference	
1		$		1
2				2
3				3
4				4
5				5
6				6
7				7
8				8
9				9
10				10
11				11
12				12
13				13
14				14
15				15
16				16
17				17
18				18
19				19
20				20
21				21
22				22
23				23
24				24
25				25
26				26
27				27
28				28
29				29
30				30
31				31
32				32
33				33
34				34
35				35
36				36
37				37
38				38
39				39
40				40
41				41
42				42
43				43
44				44
45				45
46				46
47				47
48				48
49	Total	0		49

STATE OF ILLINOIS — Summary A

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Operating Expenses	PAGES 5 & 5A	PAGE 6	PAGE 6A	PAGE 6B	PAGE 6C	PAGE 6D	PAGE 6E	PAGE 6F	PAGE 6G	PAGE 6H	PAGE 6I	SUMMARY TOTALS (to Sch V, col.7)	
	A. General Services													
1	Dietary	0	7,448	0	0	0	0	0	0	0	0	0	7,448	1
2	Food Purchase	0	3	0	0	0	0	0	0	0	0	0	3	2
3	Housekeeping	0	31	0	0	0	0	0	0	0	0	0	31	3
4	Laundry	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Heat and Other Utilities	0	676	0	134	0	0	0	0	0	0	0	810	5
6	Maintenance	0	4,653	0	2,889	0	0	0	0	0	0	0	7,542	6
7	Other (specify):*	0	1,332	0	0	0	0	0	0	0	0	0	1,332	7
8	**TOTAL General Services**	0	14,143	0	3,023	0	0	0	0	0	0	0	17,166	8
	B. Health Care and Programs													
9	Medical Director	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Nursing and Medical Records	0	16,362	0	4,383	0	0	0	0	0	0	0	20,745	10
10a	Therapy	0	6	0	0	0	0	0	0	0	0	0	6	10a
11	Activities	0	7	0	0	0	0	0	0	0	0	0	7	11
12	Social Services	0	0	0	0	0	0	0	0	0	0	0	0	12
13	Nurse Aide Training	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Program Transportation	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Other (specify):*	0	1,581	0	4,308	0	0	0	0	0	0	0	5,889	15
16	**TOTAL Health Care and Programs**	0	17,956	0	8,691	0	0	0	0	0	0	0	26,647	16
	C. General Administration													
17	Administrative	0	(123,613)	0	0	0	0	0	0	0	0	0	(123,613)	17
18	Directors Fees	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Professional Services	0	16,506	0	14,611	0	0	0	0	0	0	0	31,117	19
20	Fees, Subscriptions & Promotions	0	735	0	3,172	0	0	0	0	0	0	0	3,907	20
21	Clerical & General Office Expenses	0	0	56,466	21,313	0	0	0	0	0	0	0	77,779	21
22	Employee Benefits & Payroll Taxes	0	0	0	0	0	0	0	0	0	0	0	0	22
23	Inservice Training & Education	0	0	941	56	0	0	0	0	0	0	0	997	23
24	Travel and Seminar	0	0	1,999	801	0	0	0	0	0	0	0	2,800	24
25	Other Admin. Staff Transportation	0	0	3,842	4,067	0	0	0	0	0	0	0	7,909	25
26	Insurance-Prop.Liab.Malpractice	0	0	1,344	617	0	0	0	0	0	0	0	1,961	26
27	Other (specify):*	0	0	15,501	7,167	0	0	0	0	0	0	0	22,668	27
28	**TOTAL General Administration**	0	(106,372)	80,093	51,804	0	0	0	0	0	0	0	25,525	28
29	**TOTAL Operating Expense (sum of lines 8,16 & 28)**	0	(74,273)	80,093	63,518	0	0	0	0	0	0	0	69,338	29

STATE OF ILLINOIS

Summary B

Facility Name & ID Number Royal Oaks Care Center # 0046243 **Report Period Beginning:** 01/01/04 **Ending:** 12/31/04

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Capital Expense	PAGES	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	SUMMARY TOTALS	
	D. Ownership	5 & 5A	6	6A	6B	6C	6D	6E	6F	6G	6H	6I	(to Sch V, col.7)	
30	Depreciation	342	0	6,657	4,737	0	0	0	0	0	0	0	11,736	30
31	Amortization of Pre-Op. & Org.	0	0	0	0	0	0	0	0	0	0	0	0	31
32	Interest	(88)	0	7,608	24,405	0	0	0	0	0	0	0	31,925	32
33	Real Estate Taxes	0	0	494	(10)	0	0	0	0	0	0	0	484	33
34	Rent-Facility & Grounds	0	0	3,855	0	0	0	0	0	0	0	0	3,855	34
35	Rent-Equipment & Vehicles	0	0	135	0	0	0	0	0	0	0	0	135	35
36	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	36
37	**TOTAL Ownership**	254	0	18,749	29,132	0	0	0	0	0	0	0	48,135	37
	Ancillary Expense													
	E. Special Cost Centers													
38	Medically Necessary Transportation	0	0	0	0	0	0	0	0	0	0	0	0	38
39	Ancillary Service Centers	0	0	0	0	0	0	0	0	0	0	0	0	39
40	Barber and Beauty Shops	0	0	0	0	0	0	0	0	0	0	0	0	40
41	Coffee and Gift Shops	0	0	0	0	0	0	0	0	0	0	0	0	41
42	Provider Participation Fee	0	0	0	0	0	0	0	0	0	0	0	0	42
43	Other (specify):*	(16,107)	0	0	0	0	0	0	0	0	0	0	(16,107)	43
44	**TOTAL Special Cost Centers**	(16,107)	0	0	0	0	0	0	0	0	0	0	(16,107)	44
45	**GRAND TOTAL COST (sum of lines 29, 37 & 44)**	(15,853)	(74,273)	98,842	92,650	0	0	0	0	0	0	0	101,366	45

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

VII. RELATED PARTIES

A. Enter below the names of ALL owners and related organizations (parties) as defined in the instructions. Attach an additional schedule if necessary.

1 OWNERS		2 RELATED NURSING HOMES		3 OTHER RELATED BUSINESS ENTITIES		
Name	Ownership %	Name	City	Name	City	Type of Business
Mark Petersen	100	See attached Schedule 6A		See attached Schedule 6A		

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. [X] YES [ ] NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1 Schedule V		2 Line	3 Cost Per General Ledger Item	4 Amount	5 Cost to Related Organization Name of Related Organization	6 Percent of Ownership	7 Operating Cost of Related Organization	8 Difference: Adjustments for Related Organization Costs (7 minus 4)	
1	V	1	Dietary	$	Petersen Health Care, Inc.	100.00%	$ 7,448	$ 7,448	1
2	V	2	Food		Petersen Health Care, Inc.	100.00%	3	3	2
3	V	3	Housekeeping		Petersen Health Care, Inc.	100.00%	31	31	3
4	V	5	Utilities		Petersen Health Care, Inc.	100.00%	676	676	4
5	V	6	Maintenance		Petersen Health Care, Inc.	100.00%	4,653	4,653	5
6	V	7	Mgmt. Allocation of Benefits		Petersen Health Care, Inc.	100.00%	1,332	1,332	6
7	V	10	Nursing and Medical Records		Petersen Health Care, Inc.	100.00%	16,362	16,362	7
8	V	10A	Therapy		Petersen Health Care, Inc.	100.00%	6	6	8
9	V	11	Activities		Petersen Health Care, Inc.	100.00%	7	7	9
10	V	15	Mgmt. Allocation of Benefits		Petersen Health Care, Inc.	100.00%	1,581	1,581	10
11	V	17	Administrative	215,000	Petersen Health Care, Inc.	100.00%	91,387	(123,613)	11
12	V	19	Professional Services		Petersen Health Care, Inc.	100.00%	16,506	16,506	12
13	V	20	Dues, Fees, Subs & Promos		Petersen Health Care, Inc.	100.00%	735	735	13
14	Total			$ 215,000			$ 140,727	$ * (74,273)	14

* Total must agree with the amount recorded on line 34 of Schedule VI.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

VII. RELATED PARTIES (continued)

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. [X] YES [ ] NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1 Schedule V		2 Line	3 Cost Per General Ledger Item	4 Amount	5 Cost to Related Organization Name of Related Organization	6 Percent of Ownership	7 Operating Cost of Related Organization	8 Difference: Adjustments for Related Organization Costs (7 minus 4)	
15	V	21	Clerical & General Office	$	Petersen Health Care, Inc.	100.00%	$ 56,466	$ 56,466	15
16	V	23	Inservice Training & Education		Petersen Health Care, Inc.	100.00%	941	941	16
17	V	24	Travel and Seminar		Petersen Health Care, Inc.	100.00%	1,999	1,999	17
18	V	25	Other Admin. Staff Transport.		Petersen Health Care, Inc.	100.00%	3,842	3,842	18
19	V	26	Insurance-Prop.Liab.Malpractice		Petersen Health Care, Inc.	100.00%	1,344	1,344	19
20	V	27	Mgmt. Allocation of Benefits		Petersen Health Care, Inc.	100.00%	15,501	15,501	20
21	V	30	Depreciation		Petersen Health Care, Inc.	100.00%	6,657	6,657	21
22	V	32	Interest		Petersen Health Care, Inc.	100.00%	7,608	7,608	22
23	V	33	Real Estate Taxes		Petersen Health Care, Inc.	100.00%	494	494	23
24	V	34	Rent - Facility & Grounds		Petersen Health Care, Inc.	100.00%	3,855	3,855	24
25	V	35	Rent - Equipment & Vehicles		Petersen Health Care, Inc.	100.00%	135	135	25
26	V								26
27	V								27
28	V								28
29	V								29
30	V								30
31	V								31
32	V								32
33	V								33
34	V								34
35	V								35
36	V								36
37	V								37
38	V								38
39	Total			$			$ 98,842	$ * 98,842	39

* Total must agree with the amount recorded on line 34 of Schedule VI.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

VII. RELATED PARTIES (continued)

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. [X] YES [ ] NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1 Schedule V		2 Line	3 Cost Per General Ledger Item	4 Amount	5 Cost to Related Organization Name of Related Organization	6 Percent of Ownership	7 Operating Cost of Related Organization	8 Difference: Adjustments for Related Organization Costs (7 minus 4)	
15	V	5	Utilities	$	Petersen Health Care II, Inc.	0.00%	$ 134	$ 134	15
16	V	6	Maintenance		Petersen Health Care II, Inc.	0.00%	2,889	2,889	16
17	V	10	Nursing and Medical Records		Petersen Health Care II, Inc.	0.00%	4,383	4,383	17
18	V	15	Mgmt. Allocation of Benefits		Petersen Health Care II, Inc.	0.00%	4,308	4,308	18
19	V	19	Professional Services		Petersen Health Care II, Inc.	0.00%	14,611	14,611	19
20	V	20	Dues, Fees, Subs & Promos		Petersen Health Care II, Inc.	0.00%	3,172	3,172	20
21	V	21	Clerical & General Office		Petersen Health Care II, Inc.	0.00%	21,313	21,313	21
22	V	23	Inservice Training & Education		Petersen Health Care II, Inc.	0.00%	56	56	22
23	V	24	Travel and Seminar		Petersen Health Care II, Inc.	0.00%	801	801	23
24	V	25	Other Admin. Staff Transport.		Petersen Health Care II, Inc.	0.00%	4,067	4,067	24
25	V	26	Insurance-Prop.Liab.Malpractice		Petersen Health Care II, Inc.	0.00%	617	617	25
26	V	27	Mgmt. Allocation of Benefits		Petersen Health Care II, Inc.	0.00%	7,167	7,167	26
27	V	30	Depreciation		Petersen Health Care II, Inc.	0.00%	4,737	4,737	27
28	V	32	Interest		Petersen Health Care II, Inc.	0.00%	24,405	24,405	28
29	V	33	Real Estate Taxes		Petersen Health Care II, Inc.	0.00%	(10)	(10)	29
30	V								30
31	V								31
32	V								32
33	V								33
34	V								34
35	V								35
36	V								36
37	V								37
38	V								38
39	Total			$			$ 92,650	$ * 92,650	39

* Total must agree with the amount recorded on line 34 of Schedule VI.

SEE ACCOUNTANTS' COMPILATION REPORT

Royal Oaks Care Center
Provider # 0046243
12/31/2004

Schedule 6A

VII Related Parties - Page 6

Related Nursing Homes	City
In-State:	
Arcola Health Care Center	Arcola, IL
Bement Health Care Center	Bement, IL
Casey Health Care Center	Casey, IL
Countryview Terrace	Louisville, IL
Eastview Terrace	Sullivan, IL
El Paso Health Care Center	El Paso, IL
Flora Health Care Center	Flora, IL
Havana Health Care Center	Havana, IL
Kewanee Care Home	Kewanee, IL
Palm Terrace of Mattoon	Mattoon, IL
Prairie Rose Health Care Center	Pana, IL
Robings Manor Nursing Home	Brighton, IL
Royal Oaks Care Center	Kewanee, IL
Sheldon Health Care Center	Sheldon, IL
Sullivan Health Care Center	Sullivan, IL
Sunset Manor Nursing Home	Canton, IL
Tuscola Health Care Center	Tuscola, IL
Out-of-State:	
Meadow Lawn Nursing Center	Davenport, IA

Related Assisted Living	
Kewanee Courtyard Estates	Kewanee, IL
Kewanee Courtyard Village	Kewanee, IL
Monmouth Courtyard Estates	Monmouth, IL

Other Related Business Entities		
Petersen Health Care, Inc.	Peoria, IL	Management/Bookkeeping
Petersen Health Care II, Inc.	Peoria, IL	Management/Bookkeeping
Petersen Enterprises	Peoria, IL	Management/Bookkeeping
Petersen Health Systems	Peoria, IL	Management/Bookkeeping
RLP Senior Villages, Inc.	Peoria, IL	Management/Bookkeeping

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

VII. RELATED PARTIES (continued)

C. Statement of Compensation and Other Payments to Owners, Relatives and Members of Board of Directors.

NOTE: ALL owners (even those with less than 5% ownership) and their relatives who receive any type of compensation from this home must be listed on this schedule.

	1	2	3	4	5	6		7		8	
	Name	Title	Function	Ownership Interest	Compensation Received From Other Nursing Homes*	Average Hours Per Work Week Devoted to this Facility and % of Total Work Week Hours	Percent	Compensation Included in Costs for this Reporting Period** Description	Amount	Schedule V. Line & Column Reference	
1	Mark Petersen	President	Administrative	100.00	1,001,602	4.2	8.40	Salary	$ 91,387	L17,C8	1
2											2
3											3
4											4
5											5
6		See attached Schedule 7A									6
7											7
8											8
9											9
10											10
11											11
12											12
13								TOTAL	$ 91,387		13

* If the owner(s) of this facility or any other related parties listed above have received compensation from other nursing homes, attach a schedule detailing the name(s) of the home(s) as well as the amount paid. THIS AMOUNT MUST AGREE TO THE AMOUNTS CLAIMED ON THE THE OTHER NURSING HOMES' COST REPORTS.

** This must include all forms of compensation paid by related entities and allocated to Schedule V of this report (i.e., management fees). FAILURE TO PROPERLY COMPLETE THIS SCHEDULE INDICATING ALL FORMS OF COMPENSATION RECEIVED FROM THIS HOME, ALL OTHER NURSING HOMES AND MANAGEMENT COMPANIES MAY RESULT IN THE DISALLOWANCE OF SUCH COMPENSATION

Royal Oaks Care Center
0046243
12/31/2004

Schedule 7A

VII. Related Parties
C. Statement of Compensation and Other Payments to Owners, Relatives and Members of Board of Directors

Name	Arcola Health Care Center	Bement Health Care Center	Casey Health Care Center	Countryview Terrace	Eastview Terrace	El Paso Health Care Center	Flora Health Care Center	Havana Health Care Center	Kewanee Care Center	Meadow Lawn Nursing Center	Palm Terrace of Mattoon	Prairie Rose Health Care Center	Robings Manor Nursing Home	Royal Oaks Care Center	Sheldon Health Care Center	Sullivan Health Care Center	Sunset Manor Nursing Home	Tuscola Health Care Center	TOTAL
Mark Petersen	90,072	55,013	25,865	15,145	58,361	74,717	10,659	72,956	69,335	54,095	111,582	77,674	64,047	91,387	33,271	68,050	101,105	19,655	1,092,989

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES [X] NO [ ]

B. Show the allocation of costs below. If necessary, please attach worksheets.

Name of Related Organization: Petersen Health Care Companies
Street Address: 7218 North Villa Lake
City / State / Zip Code: Peoria, IL 61614
Phone Number: (309) 691-8113
Fax Number: (309) 691-8622

	1 Schedule V Line Reference	2 Item	3 Unit of Allocation (i.e.,Days, Direct Cost, Square Feet)	4 Total Units	5 Number of Subunits Being Allocated Among	6 Total Indirect Cost Being Allocated	7 Amount of Salary Cost Contained in Column 6	8 Facility Units	9 Allocation (col.8/col.4)x col.6	
1	1	Dietary	Patient Days	409,056	18	$ 89,079	$ 89,071	34,202	$ 7,448	1
2	2	Food	Patient Days	409,056	18	33		34,202	3	2
3	3	Housekeeping	Patient Days	409,056	18	372		34,202	31	3
4	5	Utilities	Patient Days	409,056	18	8,082		34,202	676	4
5	6	Maintenance	Patient Days	409,056	18	55,644	49,773	34,202	4,653	5
6	7	Mgmt. Allocation of Benefits	Patient Days	409,056	18	15,931		34,202	1,332	6
7	10	Nursing and Medical Records	Patient Days	409,056	18	195,694	164,789	34,202	16,362	7
8	10A	Therapy	Patient Days	409,056	18	75		34,202	6	8
9	11	Activities	Patient Days	409,056	18	86		34,202	7	9
10	15	Mgmt. Allocation of Benefits	Patient Days	409,056	18	18,908		34,202	1,581	10
11	17	Administrative	Patient Days	409,056	18	1,092,989	1,092,989	34,202	91,387	11
12	19	Professional Services	Patient Days	409,056	18	197,418		34,202	16,506	12
13	20	Dues, Fees, Subs & Promos	Patient Days	409,056	18	8,792		34,202	735	13
14	21	Clerical & General Office	Patient Days	409,056	18	675,343	522,789	34,202	56,466	14
15	23	Inservice Training & Education	Patient Days	409,056	18	11,260		34,202	941	15
16	24	Travel and Seminar	Patient Days	409,056	18	23,910		34,202	1,999	16
17	25	Other Admin. Staff Transport.	Patient Days	409,056	18	45,949		34,202	3,842	17
18	26	Insurance-Prop.Liab.Mal.	Patient Days	409,056	18	16,073		34,202	1,344	18
19	27	Mgmt. Allocation of Benefits	Patient Days	409,056	18	185,395		34,202	15,501	19
20	30	Depreciation	Patient Days	409,056	18	79,620		34,202	6,657	20
21	32	Interest	Patient Days	409,056	18	90,987		34,202	7,608	21
22	33	Real Estate Taxes	Patient Days	409,056	18	5,910		34,202	494	22
23	34	Rent - Facility & Grounds	Patient Days	409,056	18	46,102		34,202	3,855	23
24	35	Rent - Equipment & Vehicles	Patient Days	409,056	18	1,612		34,202	135	24
25	TOTALS					$ 2,865,264	$ 1,919,411		$ 239,569	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES [X] NO [ ]

B. Show the allocation of costs below. If necessary, please attach worksheets.

Name of Related Organization: Petersen Health Care II, Inc.
Street Address: 7218 North Villa Lake
City / State / Zip Code: Peoria, IL 61614
Phone Number: (309) 691-8113
Fax Number: (309) 691-8622

	1 Schedule V Line Reference	2 Item	3 Unit of Allocation (i.e.,Days, Direct Cost, Square Feet)	4 Total Units	5 Number of Subunits Being Allocated Among	6 Total Indirect Cost Being Allocated	7 Amount of Salary Cost Contained in Column 6	8 Facility Units	9 Allocation (col.8/col.4)x col.6	
1	5	Utilities	Patient Days	115,099	5	$ 451	$	34,202	$ 134	1
2	6	Maintenance	Patient Days	115,099	5	9,723		34,202	2,889	2
3	10	Nursing and Medical Records	Patient Days	115,099	5	14,750	14,750	34,202	4,383	3
4	15	Mgmt. Allocation of Benefits	Patient Days	115,099	5	14,497		34,202	4,308	4
5	19	Professional Services	Patient Days	115,099	5	49,169		34,202	14,611	5
6	20	Dues, Fees, Subs & Promos	Patient Days	115,099	5	10,675		34,202	3,172	6
7	21	Clerical & General Office	Patient Days	115,099	5	71,727	24,541	34,202	21,313	7
8	23	Inservice Training & Education	Patient Days	115,099	5	190		34,202	56	8
9	24	Travel and Seminar	Patient Days	115,099	5	2,696		34,202	801	9
10	25	Other Admin. Staff Transport.	Patient Days	115,099	5	13,686		34,202	4,067	10
11	26	Insurance-Prop.Liab.Mal.	Patient Days	115,099	5	2,077		34,202	617	11
12	27	Mgmt. Allocation of Benefits	Patient Days	115,099	5	24,119		34,202	7,167	12
13	30	Depreciation	Patient Days	115,099	5	15,940		34,202	4,737	13
14	32	Interest	Patient Days	115,099	5	82,129		34,202	24,405	14
15	33	Real Estate Taxes	Patient Days	115,099	5	(33)		34,202	(10)	15
16										16
17										17
18										18
19										19
20										20
21										21
22										22
23										23
24										24
25	TOTALS					$ 311,796	$ 39,291		$ 92,650	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE

A. Interest: (Complete details must be provided for each loan - attach a separate schedule if necessary.)

	1	2		3	4	5	6	7	8	9	10	
	Name of Lender	Related** YES	Related** NO	Purpose of Loan	Monthly Payment Required	Date of Note	Amount of Note Original	Amount of Note Balance	Maturity Date	Interest Rate (4 Digits)	Reporting Period Interest Expense	
	A. Directly Facility Related Long-Term											
1	Associated Bank		X	Mortgage	$22,519.00	09/20/03	$ 2,685,557	$ 0	09/20/33	0.0645	$ 197,203	1
2	Ford Credit		X	Vehicle	$541.00	04/17/03	30,965	20,459	04/17/08	0.0550	492	2
3	US Bank		X	Mortgage	$28,810+int	12/31/04	2,420,000	2,420,000	12/31/2011	0.0699	0	3
4												4
5												5
	Working Capital											
6												6
7												7
8												8
9	TOTAL Facility Related				$23,060.00		$ 5,136,522	$ 2,440,459			$ 197,695	9
	B. Non-Facility Related*											
10								Offset Interest Income			(88)	10
11								Amortization of Loan Costs			18,193	11
12												12
13								Allocated from Management Co.			32,013	13
14	TOTAL Non-Facility Related						$	$			$ 50,118	14
15	TOTALS (line 9+line14)						$ 5,136,522	$ 2,440,459			$ 247,813	15

16) Please indicate the total amount of mortgage insurance expense and the location of this expense on Sch. V. $ None Line # N/A

* Any interest expense reported in this section should be adjusted out on page 5, line 14 and, consequently, page 4, col. 7. (See instructions.)

SEE ACCOUNTANTS' COMPILATION REPORT

** If there is ANY overlap in ownership between the facility and the lender, this must be indicated in column 2. (See instructions.)

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE (continued)

B. Real Estate Taxes

Important, please see the next worksheet, "RE_Tax". The real estate tax statement and bill must accompany the cost report.

1. Real Estate Tax accrual used on 2003 report.		$ 56,100	1
2. Real Estate Taxes paid during the year: (Indicate the tax year to which this payment applies. If payment covers more than one year, detail below.)	2003	$ 58,874	2
3. Under or (over) accrual (line 2 minus line 1).		$ 2,774	3
4. Real Estate Tax accrual used for 2004 report. (Detail and explain your calculation of this accrual on the lines below.)		$ 58,875	4
5. Direct costs of an appeal of tax assessments which has NOT been included in professional fees or other general operating costs on Schedule V, sections A, B or C. **(Describe appeal cost below. Attach copies of invoices to support the cost and a copy of the appeal filed with the county.)**		$	5
6. Subtract a refund of real estate taxes. You must offset the full amount of any direct appeal costs classified as a real estate tax cost plus one-half of any remaining refund.	Non-Care Real Estate Taxes Home Office Allocation	(1,275) 484	
TOTAL REFUND $ For Tax Year. **(Attach a copy of the real estate tax appeal board's decision.)**		$	6
7. Real Estate Tax expense reported on Schedule V, line 33. This should be a combination of lines 3 thru 6.		$ 60,858	7

Real Estate Tax History:

Real Estate Tax Bill for Calendar Year:		
1999		8
2000		9
2001		10
2002	56,100	11
2003	58,874	12

Note: Real estate tax expense includes $1,275 of non-care related expenses.

FOR OHF USE ONLY

13	FROM R. E. TAX STATEMENT FOR 2003	$	13
14	PLUS APPEAL COST FROM LINE 5	$	14
15	LESS REFUND FROM LINE 6	$	15
16	AMOUNT TO USE FOR RATE CALCULATION	$	16

NOTES:

1. **Please indicate a negative number by use of brackets( ). Deduct any overaccrual of taxes from prior year.**
2. **If facility is a non-profit which pays real estate taxes, you must attach a denial of an application for real estate tax exemption unless the building is rented from a for-profit entity.**
   This denial must be no more than four years old at the time the cost report is filed.

IMPORTANT NOTICE

TO: Long Term Care Facilities with Real Estate Tax Rates **RE:** 2003 REAL ESTATE TAX COST DOCUMENTATION

In order to set the real estate tax portion of the capital rate, it is necessary that we obtain additional information regarding your calendar 2003 real estate tax costs, as well as copies of your original real estate tax bills for calendar 2003.

Please complete the Real Estate Tax Statement below and forward with a copy of your 2003 real estate tax bill to the Department of Public Aid, Office of Health Finance, 201 South Grand Avenue East, Springfield, Illinois 62763.

Please send these items in with your completed 2004 cost report. The cost report will not be considered complete and timely filed until this statement and the corresponding real estate tax bills are filed. If you have any questions, [illegible]

2003 LONG TERM CARE REAL ESTATE TAX STATEMENT

FACILITY NAME Royal Oaks Care Center COUNTY Henry

FACILITY IDPH LICENSE NUMBER 0046243

CONTACT PERSON REGARDING THIS REPORT Mark Petersen

TELEPHONE (309) 691-8113 FAX #: (309) 691-8622

A. **Summary of Real Estate Tax Cos**

Enter the tax index number and real estate tax assessed for 2003 on the lines provided below. Enter only the portion of tl cost that applies to the operation of the nursing home in Column D. Real estate tax applicable to any portion of the nursir home property which is vacant, rented to other organizations, or used for purposes other than long term care must not l entered in Column D. Do not include cost for any period other than calendar year 200

	(A) Tax Index Numbe	(B) Property Description	(C) Total Tax	(D) Tax Applicable to Nursing Home
1.	25-03-401-008	LT2 Briarcliff 3rd ADD SE SEC 3 T	$ 56,660.00	$ 56,660.00
2.	25-03-401-009	LT1 Briarcliff 3rd ADD SE SEC 3 T	$ 940.00	$ 940.00
3.	20-27-305-009	Home not owned by facility	$ 1,274.00	$
4.			$	$
5.			$	$
6.			$	$
7.			$	$
8.			$	$
9.			$	$
10.			$	$
		TOTALS	$ 58,874.00	$ 57,600.00

B. **Real Estate Tax Cost Allocations**

Does any portion of the tax bill apply to more than one nursing home, vacant property, or property which is not direct used for nursing home services' _____ YES X NO

If YES, attach an explanation & a schedule which shows the calculation of the cost allocated to the nursing hom (Generally the real estate tax cost must be allocated to the nursing home based upon sq. ft. of space used

C. **Tax Bills**

Attach a copy of the original 2003 tax bills which were listed in Section A to this statement. Be sure to use the 200 tax bill which is normally paid during 2004

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 35,875 B. General Construction Type: Exterior Brick Frame Steel Number of Stories One

C. Does the Operating Entity? [X] (a) Own the Facility [ ] (b) Rent from a Related Organization. [ ] (c) Rent from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI. Those checking (c) may complete Schedule XI or Schedule XII-A. See instructions.

D. Does the Operating Entity? [X] (a) Own the Equipment [ ] (b) Rent equipment from a Related Organization. [X] (c) Rent equipment from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI-C. Those checking (c) may complete Schedule XI-C or Schedule XII-B. See instructions.

E. List all other business entities owned by this operating entity or related to the operating entity that are located on or adjacent to this nursing home's grounds (such as, but not limited to, apartments, assisted living facilities, day training facilities, day care, independent living facilities, nurse aide training facilities, etc.) List entity name, type of business, square footage, and number of beds/units available (where applicable)

None

F. Does this cost report reflect any organization or pre-operating costs which are being amortized? [ ] YES [X] NO
If so, please complete the following:

1. Total Amount Incurred: N/A
2. Number of Years Over Which it is Being Amortized: N/A
3. Current Period Amortization: N/A
4. Dates Incurred: N/A

Nature of Costs:
(Attach a complete schedule detailing the total amount of organization and pre-operating costs.)

XI. OWNERSHIP COSTS:

A. Land.

	1 Use	2 Square Feet	3 Year Acquired	4 Cost	
1	Facility	362,419	2003	$ 200,000	1
2					2
3	TOTALS	362,419		$ 200,000	3

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XI. OWNERSHIP COSTS (continued)

B. Building Depreciation-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar

	1 Beds*	FOR OHF USE ONLY	2 Year Acquired	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
4	200		2003	1998	$ 1,490,095	$ 38,208	35	$ 42,574	$ 4,366	$ 63,289	4
5											5
6											6
7											7
8											8
	Improvement Type**										
9	Architectural Fees			2003	2,010	134	20	101	(34)	151	9
10	Water Softener			2003	14,625	2,090	20	731	(1,359)	933	10
11	Disposer			2003	1,231	176	20	62	(114)	79	11
12	Hot Water Heater			2003	5,892	842	20	295	(547)	371	12
13	Land Improvement			2004	25,762	2,576	20	644	(1,932)	644	13
14	Service Road			2004	6,940	58	20	174	116	174	14
15	Sidewalk			2004	2,600	22	20	65	43	65	15
16	Air Conditioning			2004	5,101	82	20	128	46	128	16
17	Fire Alarm			2004	5,810	81	20	145	64	145	17
18	Security System			2004	1,206	108	20	30	(78)	30	18
19											19
20											20
21											21
22											22
23											23
24											24
25											25
26											26
27											27
28											28
29											29
30											30
31											31
32											32
33											33
34											34
35											35
36											36

*Total beds on this schedule must agree with page 2.

**Improvement type must be detailed in order for the cost report to be considered complete

See Page 12A, Line 70 for total

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XI. OWNERSHIP COSTS (continued)

B. Building Depreciation-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar

	1 Improvement Type**	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
37			$	$		$	$	$	37
38									38
39									39
40									40
41									41
42									42
43									43
44									44
45									45
46									46
47									47
48									48
49									49
50									50
51									51
52									52
53									53
54									54
55									55
56									56
57									57
58									58
59									59
60									60
61									61
62									62
63									63
64									64
65									65
66									66
67									67
68									68
69									69
70	TOTAL (lines 4 thru 69)		$ 1,561,272	$ 44,377		$ 44,948	$ 571	$ 66,009	70

SEE ACCOUNTANTS' COMPILATION REPORT

**Improvement type must be detailed in order for the cost report to be considered complete

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XI. OWNERSHIP COSTS (continued)

C. Equipment Depreciation-Excluding Transportation. (See instructions.)

	Category of Equipment	1 Cost	Current Book Depreciation 2	Straight Line Depreciation 3	4 Adjustments	Component Life 5	Accumulated Depreciation 6	
71	Purchased in Prior Years	$ 513,583	$ 73,658	$ 73,369	$ (289)	7	$ 110,054	71
72	Current Year Purchases	3,921	202	280	78	7	280	72
73	Fully Depreciated Assets							73
74	Allocated from Management Co.			11,394	11,394			74
75	TOTALS	$ 517,504	$ 73,860	$ 85,043	$ 11,183		$ 110,334	75

D. Vehicle Depreciation (See instructions.)*

	1 Use	Model, Make and Year 2	Year Acquired 3	4 Cost	Current Book Depreciation 5	Straight Line Depreciation 6	7 Adjustments	Life in Years 8	Accumulated Depreciation 9	
76	Facility use	2003 Ford Van	2003	$ 31,033	$ 6,207	$ 6,207	$ (0)	5	$ 9,310	76
77										77
78										78
79										79
80	TOTALS			$ 31,033	$ 6,207	$ 6,207	$ (0)		$ 9,310	80

E. Summary of Care-Related Assets

		1 Reference	2 Amount	
81	Total Historical Cost	(line 3, col.4 + line 70, col.4 + line 75, col.1 + line 80, col.4) + (Pages 12B thru 12I, if applicable)	$ 2,309,809	81
82	Current Book Depreciation	(line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	$ 124,444	82
83	Straight Line Depreciation	(line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	$ 136,197	83 **
84	Adjustments	(line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	$ 11,753	84
85	Accumulated Depreciation	(line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	$ 185,653	85

F. Depreciable Non-Care Assets Included in General Ledger. (See instructions.)

	1 Description & Year Acquired	2 Cost	Current Book Depreciation 3	Accumulated Depreciation 4	
86		$	$	$	86
87	N/A				87
88					88
89					89
90					90
91	TOTALS	$	$	$	91

G. Construction-in-Progress

	Description	Cost	
92		$	92
93	N/A		93
94			94
95		$	95

* Vehicles used to transport residents to & from day training must be recorded in XI-F, not XI-D.

** This must agree with Schedule V line 30, column 8.

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XII. RENTAL COSTS

A. Building and Fixed Equipment (See instructions.)

1. Name of Party Holding Lease: N/A

2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4? If NO, see instructions. [X] YES [ ] NO

		1 Year Constructed	2 Number of Beds	3 Original Lease Date	4 Rental Amount	5 Total Years of Lease	6 Total Years Renewal Option*	
3	Original Building:				$			3
4	Additions							4
5								5
6	Allocated from Management Co.				3,855			6
7	TOTAL				$ 3,855 **			7

8. List separately any amortization of lease expense included on page 4, line 34. N/A
This amount was calculated by dividing the total amount to be amortized by the length of the lease N/A . N/A

9. Option to Buy: [ ] YES [ ] NO Terms: N/A *

10. Effective dates of current rental agreement:
Beginning
Ending

11. Rent to be paid in future years under the current rental agreement:

	Fiscal Year Ending	Annual Rent
12.	/2005	$
13.	/2006	$
14.	/2007	$

B. Equipment-Excluding Transportation and Fixed Equipment. (See instructions.)

15. Is Movable equipment rental included in building rental? [ ] YES [X] NO

16. Rental Amount for movable equipment: $ 24,149 Description: See Schedule 14A
(Attach a schedule detailing the breakdown of movable equipment)

C. Vehicle Rental (See instructions.)

	1 Use	2 Model Year and Make	3 Monthly Lease Payment	4 Rental Expense for this Period	
17			$	$	17
18			N/A		18
19					19
20					20
21	TOTAL		$	$	21

* If there is an option to buy the building, please provide complete details on attached schedule.

** This amount plus any amortization of lease expense must agree with page 4, line 34.

SEE ACCOUNTANTS' COMPILATION REPORT

Royal Oaks Care Center
Provider #0046243
12/31/2004

Schedule 14A

XII. Rental Equipment
Line 16

Type of Equipment	Cost
Home Office Allocation	135
Special Mattresses	3850
Oxygen Tanks	15907
Dish Machine	2279
Slip Scoop	250
Copy Machines	1728
	$ 24,149

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XIII. EXPENSES RELATING TO NURSE AIDE TRAINING PROGRAMS (See instructions.)

A. TYPE OF TRAINING PROGRAM (If aides are trained in another facility program, attach a schedule listing the facility name, address and cost per aide trained in that facility.)

1. HAVE YOU TRAINED AIDES DURING THIS REPORT PERIOD? [ ] YES [X] NO

It is the policy of this facility to only hire certified nurses aides.

If "yes", please complete the remainder of this schedule. If "no", provide an explanation as to why this training was not necessary.

2. CLASSROOM PORTION:
- IN-HOUSE PROGRAM [ ]
- IN OTHER FACILITY [ ]
- COMMUNITY COLLEGE [ ]
- HOURS PER AIDE ____

3. CLINICAL PORTION:
- IN-HOUSE PROGRAM [ ]
- IN OTHER FACILITY [ ]
- HOURS PER AIDE ____

B. EXPENSES

ALLOCATION OF COSTS (d)

		1	2	3	4
		Facility			
		Drop-outs	Completed	Contract	Total
1	Community College Tuition	$	$	$	$
2	Books and Supplies				
3	Classroom Wages (a)				
4	Clinical Wages (b)				
5	In-House Trainer Wages (c)				
6	Transportation				
7	Contractual Payments				
8	Nurse Aide Competency Tests				
9	TOTALS	$	$	$	$
10	SUM OF line 9, col. 1 and 2 (e)	$			

C. CONTRACTUAL INCOME

In the box below record the amount of income your facility received training aides from other facilities.

$

D. NUMBER OF AIDES TRAINED

COMPLETED	
1. From this facility	
2. From other facilities (f)	
DROP-OUTS	
1. From this facility	
2. From other facilities (f)	
TOTAL TRAINED	

(a) Include wages paid during the classroom portion of training. Do not include fringe benefits.
(b) Include wages paid during the clinical portion of training. Do not include fringe benefits.
(c) For in-house training programs only. Do not include fringe benefits.
(d) Allocate based on if the aide is from your facility or is being contracted to be trained in your facility. Drop-out costs can only be for costs incurred by your own aides.
(e) The total amount of Drop-out and Completed Costs for your own aides must agree with Sch. V, line 13, col. 8.
(f) Attach a schedule of the facility names and addresses of those facilities for which you trained aides.

SEE ACCOUNTANTS' COMPILATION REPORT

XIV. SPECIAL SERVICES (Direct Cost) (See instructions.)

		1	2		3	4	5	6	7	8	
	Service	Schedule V Line & Column Reference	Staff Units of Service		Staff Cost	Outside Practitioner (other than consultant) Units	Outside Practitioner (other than consultant) Cost	Supplies (Actual or) Allocated)	Total Units (Column 2 + 4)	Total Cost (Col. 3 + 5 + 6)	
1	Licensed Occupational Therapist			hrs	$		$	$		$	1
2	Licensed Speech and Language Development Therapist	L10A, C1	127	hrs	4,621				127	4,621	2
3	Licensed Recreational Therapist			hrs							3
4	Licensed Physical Therapist	L10A, C3		hrs		3	475		3	475	4
5	Physician Care			visits							5
6	Dental Care			visits							6
7	Work Related Program			hrs							7
8	Habilitation			hrs							8
9	Pharmacy	L39, C2		# of prescrpts				8,070		8,070	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)			hrs							10
11	Academic Education			hrs							11
12	Exceptional Care Program										12
13	Other (specify): Oxygen	L39, C2						24,831		24,831	13
14	TOTAL				$ 4,621	3	$ 475	$ 32,901	130	$ 37,997	14

NOTE: This schedule should include fees (other than consultant fees) paid to licensed practitioners. Consultant fees should be detailed on Schedule XVIII-B. Salaries of unlicensed practitioners, such as nurse aides, who help with the above activities should not be listed on this schedule.

SEE ACCOUNTANTS' COMPILATION REPORT

Royal Oaks Care Center
Provider #: 0046243
01/01/04 to 12/31/04 **Schedule 16A**

XIV. Special Services
Line 13 Other (specify):

Service	Line Reference	Outside Practioner Units	Cost	Supplies

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XV. BALANCE SHEET - Unrestricted Operating Fund. As of 12/31/04 (last day of reporting year)

This report must be completed even if financial statements are attached.

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	$ (153,840)	$ (153,840)	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance None)	687,440	687,440	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	12,619	12,619	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify):			9
10	**TOTAL Current Assets (sum of lines 1 thru 9)**	$ 546,219	$ 546,219	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land	200,000	200,000	13
14	Buildings, at Historical Cost	1,538,319	1,561,272	14
15	Leasehold Improvements, at Historical Cost			15
16	Equipment, at Historical Cost	571,490	548,537	16
17	Accumulated Depreciation (book methods)	(195,450)	(185,653)	17
18	Deferred Charges			18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs			20
21	Restricted Funds			21
22	Other Long-Term Assets (specify):			22
23	Other(specify):			23
24	**TOTAL Long-Term Assets (sum of lines 11 thru 23)**	$ 2,114,359	$ 2,124,156	24
25	**TOTAL ASSETS (sum of lines 10 and 24)**	$ 2,660,578	$ 2,670,375	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	$ 213,534	$ 213,534	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	78,591	78,591	30
31	Accrued Taxes Payable (excluding real estate taxes)			31
32	Accrued Real Estate Taxes(Sch.IX-B)	58,875	58,875	32
33	Accrued Interest Payable			33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
	Other Current Liabilities(specify):			
36	See Schedule 17A	84,456	84,456	36
37	See Schedule 17A	6,017	6,017	37
38	**TOTAL Current Liabilities (sum of lines 26 thru 37)**	$ 441,473	$ 441,473	38
	D. Long-Term Liabilities			
39	Long-Term Notes Payable	20,459	20,459	39
40	Mortgage Payable	2,420,000	2,420,000	40
41	Bonds Payable			41
42	Deferred Compensation			42
	Other Long-Term Liabilities(specify):			
43				43
44				44
45	**TOTAL Long-Term Liabilities (sum of lines 39 thru 44)**	$ 2,440,459	$ 2,440,459	45
46	**TOTAL LIABILITIES (sum of lines 38 and 45)**	$ 2,881,932	$ 2,881,932	46
47	**TOTAL EQUITY(page 18, line 24)**	$ (221,354)	$ (211,557)	47
48	**TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)**	$ 2,660,578	$ 2,670,375	48

SEE ACCOUNTANTS' COMPILATION REPORT

***(See instructions.)**

Facility Name **Royal Oaks Care Center**
PROVIDER # **0046243**
Period Ending **12/31/2004**

Schedule 17A

XV. BALANCE SHEET

C. Current Liabilities **Line 36, Other Current Liabilities (specify):**	Operating	After Consolidation
Accrued Vacation	71,657	71,657
401 -K Withholding	399	399
Other Withholding	-	-
Accrued Sales Tax	242	242
Accrued Interest	7,514	7,514
Accrued Insurance - General	7,945	7,945
Accrued Insurance - W/C	(3,301)	(3,301)
Total	84,456	84,456

C. Current Liabilities **Line 37, Other Current Liabilities (specify):**	Operating	After Consolidation
Accounts Payable - Prior Owner	6,017	6,017
	6,017	6,017

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XVI. STATEMENT OF CHANGES IN EQUITY

		1 Total	
1	**Balance at Beginning of Year, as Previously Reported**	$ (27,317)	1
2	Restatements (describe):		2
3	**Prior Period Adjustment**	(44,398)	3
4			4
5			5
6	**Balance at Beginning of Year, as Restated (sum of lines 1-5)**	$ (71,715)	6
	A. Additions (deductions):		
7	NET Income (Loss) (from page 19, line 43)	(149,639)	7
8	Aquisitions of Pooled Companies		8
9	Proceeds from Sale of Stock		9
10	Stock Options Exercised		10
11	Contributions and Grants		11
12	Expenditures for Specific Purposes		12
13	Dividends Paid or Other Distributions to Owners	( )	13
14	Donated Property, Plant, and Equipment		14
15	Other (describe)		15
16	Other (describe)		16
17	**TOTAL Additions (deductions) (sum of lines 7-16)**	$ (149,639)	17
	B. Transfers (Itemize):		
18			18
19			19
20			20
21			21
22			22
23	**TOTAL Transfers (sum of lines 18-22)**	$	23
24	**BALANCE AT END OF YEAR (sum of lines 6 + 17 + 23)**	$ (221,354)	24 *

Operating Entity Only

*** This must agree with page 17, line 47.**

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XVII. INCOME STATEMENT (attach any explanatory footnotes necessary to reconcile this schedule to Schedules V and VI.) All required classifications of revenue and expense must be provided on this form, even if financial statements are attached.

Note: This schedule should show gross revenue and expenses. Do not net revenue against expense.

	Revenue	1 Amount	
	A. Inpatient Care		
1	Gross Revenue -- All Levels of Care	$ 2,959,764	1
2	Discounts and Allowances for all Levels	40,718	2
3	**SUBTOTAL Inpatient Care (line 1 minus line 2)**	$ 3,000,482	3
	B. Ancillary Revenue		
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	159,548	6
7	Oxygen	47,031	7
8	**SUBTOTAL Ancillary Revenue (lines 4 thru 7)**	$ 206,579	8
	C. Other Operating Revenue		
9	Payments for Education		9
10	Other Government Grants		10
11	Nurses Aide Training Reimbursements		11
12	Gift and Coffee Shop		12
13	Barber and Beauty Care		13
14	Non-Patient Meals	1,431	14
15	Telephone, Television and Radio		15
16	Rental of Facility Space		16
17	Sale of Drugs	53,297	17
18	Sale of Supplies to Non-Patients		18
19	Laboratory	28,770	19
20	Radiology and X-Ray		20
21	Other Medical Services	3,028	21
22	Laundry		22
23	**SUBTOTAL Other Operating Revenue (lines 9 thru 22)**	$ 86,526	23
	D. Non-Operating Revenue		
24	Contributions		24
25	Interest and Other Investment Income***	88	25
26	**SUBTOTAL Non-Operating Revenue (lines 24 and 25)**	$ 88	26
	E. Other Revenue (specify):**		
27	Settlement Income (Insurance, Legal, Etc.)		27
28	Vending Income	98	28
28a			28a
29	**SUBTOTAL Other Revenue (lines 27, 28 and 28a)**	$ 98	29
30	**TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)**	$ 3,293,773	30

	Expenses	2 Amount	
	A. Operating Expenses		
31	General Services	712,484	31
32	Health Care	1,327,799	32
33	General Administration	810,531	33
	B. Capital Expense		
34	Ownership	426,012	34
	C. Ancillary Expense		
35	Special Cost Centers	56,786	35
36	Provider Participation Fee	109,800	36
	D. Other Expenses (specify):		
37			37
38			38
39			39
40	**TOTAL EXPENSES (sum of lines 31 thru 39)***	$ 3,443,412	40
41	**Income before Income Taxes (line 30 minus line 40)****	(149,639)	41
42	**Income Taxes**		42
43	**NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)**	$ (149,639)	43

* **This must agree with page 4, line 45, column 4.**

** **Does this agree with taxable income (loss) per Federal Income Tax Return? No If not, please attach a reconciliation.**
Entity is a cash basis tax payer

*** **See the instructions. If this total amount has not been offset against interest expense on Schedule V, line 32, please include a detailed explanation.** **SEE ACCOUNTANTS' COMPILATION REPORT**

******Provide a detailed breakdown of "Other Revenue" on an attached sheet.**

Facility Name Royal Oaks Care Center
PROVIDER # 0046243
Period Ending 12/31/2004

Schedule 19 A

XVII. INCOME STATEMENT
E. Other Revenue

	Amount
Total	0

See Accountants' Compilation Report

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XVIII. A. STAFFING AND SALARY COSTS (Please report each line separately.)
(This schedule must cover the entire reporting period.)

		1 # of Hrs. Actually Worked	2** # of Hrs. Paid and Accrued	3 Reporting Period Total Salaries, Wages	4 Average Hourly Wage	
1	Director of Nursing	2,080	2,080	$ 55,355	$ 26.61	1
2	Assistant Director of Nursing	1,974	1,974	38,349	19.43	2
3	Registered Nurses	4,362	4,582	96,447	21.05	3
4	Licensed Practical Nurses	19,820	20,475	316,117	15.44	4
5	Nurse Aides & Orderlies	59,190	60,882	539,212	8.86	5
6	Nurse Aide Trainees					6
7	Licensed Therapist	127	127	4,621	36.39	7
8	Rehab/Therapy Aides	3,819	3,894	54,113	13.90	8
9	Activity Director	2,080	2,080	18,150	8.73	9
10	Activity Assistants	1,769	1,797	14,570	8.11	10
11	Social Service Workers	2,695	2,727	22,608	8.29	11
12	Dietician					12
13	Food Service Supervisor	2,039	2,039	17,042	8.36	13
14	Head Cook					14
15	Cook Helpers/Assistants	14,833	15,186	108,923	7.17	15
16	Dishwashers					16
17	Maintenance Workers	2,080	2,080	24,021	11.55	17
18	Housekeepers	13,921	14,403	90,577	6.29	18
19	Laundry	6,983	7,275	57,543	7.91	19
20	Administrator	2,080	2,080	46,338	22.28	20
21	Assistant Administrator	1,427	1,427	29,960	21.00	21
22	Other Administrative					22
23	Office Manager					23
24	Clerical	4,925	4,965	63,480	12.79	24
25	Vocational Instruction					25
26	Academic Instruction					26
27	Medical Director					27
28	Qualified MR Prof. (QMRP)					28
29	Resident Services Coordinator					29
30	Habilitation Aides (DD Homes)					30
31	Medical Records	1,993	1,993	30,916	15.51	31
32	Other Health Ca Care Plan Coordin	2,358	2,358	41,269	17.50	32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	150,555	154,424	$ 1,669,611 *	$ 10.81	34

SEE ACCOUNTANTS' COMPILATION REPORT

* This total must agree with page 4, column 1, line 45.

** See instructions.

B. CONSULTANT SERVICES

		1 Number of Hrs. Paid & Accrued	2 Total Consultant Cost for Reporting Period	3 Schedule V Line & Column Reference	
35	Dietary Consultant		$		35
36	Medical Director	monthly	12,000	L9, C3	36
37	Medical Records Consultant				37
38	Nurse Consultant				38
39	Pharmacist Consultant	17	853	L10, C3	39
40	Physical Therapy Consultant				40
41	Occupational Therapy Consultant				41
42	Respiratory Therapy Consultant	8	417	L10, C3	42
43	Speech Therapy Consultant				43
44	Activity Consultant				44
45	Social Service Consultant				45
46	Other(specify)				46
47					47
48					48
49	TOTAL (lines 35 - 48)	25	$ 13,270		49

C. CONTRACT NURSES

		1 Number of Hrs. Paid & Accrued	2 Total Contract Wages	3 Schedule V Line & Column Reference	
50	Registered Nurses		$		50
51	Licensed Practical Nurses	N/A			51
52	Nurse Aides				52
53	TOTAL (lines 50 - 52)		$		53

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XIX. SUPPORT SCHEDULES

A. Administrative Salaries

Name	Function	Ownership %	Amount
Angela Harris	Administrator	0	$ 46,338
Deborah Richter	Asst. Admin	0	29,960
TOTAL (agree to Schedule V, line 17, col. 1)			
(List each licensed administrator separately.)			$ 76,298

B. Administrative - Other

Description	Amount
Management Fees (Eliminated in column 7)	$ 215,000
TOTAL (agree to Schedule V, line 17, col. 3)	$ 215,000
(Attach a copy of any management service agreement)	

C. Professional Services

Vendor/Payee	Type	Amount
Bush & Snyder Assoc.	Legal	$ 738
Blachinsky Law Office	Legal	120
Brody & Associates	Legal	690
Robert W. McQuellon	Real Estate Tax Consulting	2,500
P.K. Bhosale	Architect	1,920
Altschuler, Melvoin, & Glasser	Accounting	5,575
ADP	Computer	5,180
Ivans	Computer	170
LTC Solutions	Computer	1,320
Kewanee.com	Computer	158
AdminaStar Federal. Inc.	Computer	119
TOTAL (agree to Schedule V, line 19, column 3)		
(If total legal fees exceed $2500 attach copy of invoices.)		$ 18,490

D. Employee Benefits and Payroll Taxes

Description	Amount
Workers' Compensation Insurance	$ 67,074
Unemployment Compensation Insurance	42,253
FICA Taxes	123,552
Employee Health Insurance	60,119
Employee Meals	
Illinois Municipal Retirement Fund (IMRF)*	
Employee Relations	5,392
401-K Matching	481
TOTAL (agree to Schedule V, line 22, col.8)	$ 298,871

E. Schedule of Non-Cash Compensation Paid to Owners or Employees

Description	Line #	Amount
		$
N/A		
TOTAL		$

F. Dues, Fees, Subscriptions and Promotions

Description	Amount
IDPH License Fee	$ 995
Advertising: Employee Recruitment	507
Health Care Worker Background Check	
(Indicate # of checks performed 22)	264
MES of Illinois	175
Secretary of State	221
Miscellaneous Dues & Subscriptions	713
Miscellaneous Licenses & Permits	894
Allocated from Management Co.	3,907
Less: Public Relations Expense	( )
Non-allowable advertising	( )
Yellow page advertising	( )
TOTAL (agree to Sch. V, line 20, col. 8)	$ 7,676

G. Schedule of Travel and Seminar**

Description	Amount
Out-of-State Travel	$
In-State Travel	1,026
Seminar Expense	
Allocated from Management Co.	2,800
Entertainment Expense	( )
TOTAL (agree to Sch. V, line 24, col. 8)	$ 3,826

* Attach copy of IMRF notifications

**See instructions.

SEE ACCOUNTANTS' COMPILATION REPORT

Royal Oaks Care Center
Provider #: 0046243
01/01/04 to 12/31/04 **Schedule 21A**

XIX. SUPPORT SCHEDULE
C. Professional Services

Total (agree to Schedule V, line 19, column 3)	18,490
Allocated from Management Company	
Legal	2,791
Other	28,326
Total (agree to Schedule V, line 19, column 8)	49,607

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XIX-H. SUPPORT SCHEDULE - DEFERRED MAINTENANCE COSTS (which have been included in Sch. V, line 6, col. 3).
(See instructions.)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Improvement Type	Month & Year Improvement Was Made	Total Cost	Useful Life	Amount of Expense Amortized Per Year								
					FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
1			$		$	$	$	$	$	$	$	$	$
2													
3								N/A					
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20	TOTALS		$		$	$	$	$	$	$	$	$	$

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Royal Oaks Care Center # 0046243 Report Period Beginning: 01/01/04 Ending: 12/31/04

XX. GENERAL INFORMATION:

(1) Are nursing employees (RN,LPN,NA) represented by a union? **No**

(2) Are there any dues to nursing home associations included on the cost report? **No**
If YES, give association name and amount. **N/A**

(3) Did the nursing home make political contributions or payments to a politica
action organization? **No** If YES, have these costs
been properly adjusted out of the cost report? **N/A**

(4) Does the bed capacity of the building differ from the number of beds licensed at the
end of the fiscal year? **No** If YES, what is the capacity? **N/A**

(5) Have you properly capitalized all major repairs and equipment purchases? **Yes**
What was the average life used for new equipment added during this period? **7 yrs**

(6) Indicate the total amount of both disposable and non-disposable diaper expense
and the location of this expense on Sch. V. $ **4,418** Line **10**

(7) Have all costs reported on this form been determined using accounting procedures
consistent with prior reports? **Yes** If NO, attach a complete explanation.

(8) Are you presently operating under a sale and leaseback arrangement? **No**
If YES, give effective date of lease. **N/A**

(9) Are you presently operating under a sublease agreement? YES **X** NO

(10) Was this home previously operated by a related party (as is defined in the instructions for
Schedule VII)? YES NO **X** If YES, please indicate name of the facility,
IDPH license number of this related party and the date the present owners took over
N/A

(11) Indicate the amount of the Provider Participation Fees paid and accrued to the Department
of Public Aid during this cost report period. $ **109,800**
This amount is to be recorded on line 42 of Schedule V.

(12) Are there any salary costs which have been allocated to more than one line on Schedule V
for an individual employee? **No** If YES, attach an explanation of the allocation.

SEE ACCOUNTANTS' COMPILATION REPORT

(13) Have costs for all supplies and services which are of the type that can be billed to
the Department of Public Aid, in addition to the daily rate, been properly classifiec
in the Ancillary Section of Schedule V? **Yes**

(14) Is a portion of the building used for any function other than long term care services for
the patient census listed on page 2, Section B? **No** For example,
is a portion of the building used for rental, a pharmacy, day care, etc.) If YES, attach
a schedule which explains how all related costs were allocated to these functions

(15) Indicate the cost of employee meals that has been reclassified to employee benefits
on Schedule V. $ **0** Has any meal income been offset against
related costs? **Yes** Indicate the amount. $ **1,431**

(16) Travel and Transportation
a. Are there costs included for out-of-state travel? **No**
If YES, attach a complete explanation.
b. Do you have a separate contract with the Department to provide medical transportation for
residents? **No** If YES, please indicate the amount of income earned from such a
program during this reporting period. $ **N/A**
c. What percent of all travel expense relates to transportation of nurses and patients? **0**
d. Have vehicle usage logs been maintained? **Adequate records have been maintained.**
e. Are all vehicles stored at the nursing home during the night and all other
times when not in use? **Yes**
f. Has the cost for commuting or other personal use of autos been adjusted
out of the cost report? **Yes**
g. Does the facility transport residents to and from day training? No
Indicate the amount of income earned from providing such
transportation during this reporting period. $ **N/A**

(17) Has an audit been performed by an independent certified public accounting firm? **Yes**
Firm Name: **Ginoli & Company** The instructions for the
cost report require that a copy of this audit be included with the cost report. Has this copy
been attached? **No** If no, please explain. **Audit in progress**

(18) Have all costs which do not relate to the provision of long term care been adjusted ou
out of Schedule V? **Yes**

(19) If total legal fees are in excess of $2500, have legal invoices and a summary of services
performed been attached to this cost report? **Yes**
Attach invoices and a summary of services for all architect and appraisal fees.

	Salaries	Supplies	Other	Total	Reclass-ifications	Reclassified Total	Adjustments	Adjusted Total
1. Dietary	125,965	19,338	0	145,303	0	145,303	7,448	152,751
2. Food Purchase	0	158,774	0	158,774	0	158,774	-1,526	157,248
3. Housekeeping	90,577	16,883	0	107,460	0	107,460	31	107,491
4. Laundry	57,543	12,629	0	70,172	0	70,172	0	70,172
5. Heat and Other Utilities	0	0	164,749	164,749	0	164,749	810	165,559
6. Maintenance	24,021	36,624	5,381	66,026	0	66,026	7,542	73,568
7. Other (specify)*	0	0	0	0	0	0	1,332	1,332
8. Total General Services	298,106	244,248	170,130	712,484	0	712,484	15,637	728,121
9. Medical Director	0	0	12,000	12,000	0	12,000	0	12,000
10. Nursing & Medical Records	1,171,778	81,169	1,270	1,254,217	0	1,254,217	20,745	1,274,962
10a. Therapy	4,621	0	475	5,096	0	5,096	6	5,102
11. Activities	32,720	366	0	33,086	0	33,086	7	33,093
12. Social Services	22,608	792	0	23,400	0	23,400	0	23,400
13. Nurse Aide Training	0	0	0	0	0	0	0	0
14. Program Transportation	0	0	0	0	0	0	0	0
15. Other (specify)*	0	0	0	0	0	0	5,889	5,889
16. Total Health Care & Programs	1,231,727	82,327	13,745	1,327,799	0	1,327,799	26,647	1,354,446
17. Administrative	76,298	0	215,000	291,298	0	291,298	-123,613	167,685
18. Directors Fees	0	0	0	0	0	0	0	0
19. Professional Services	0	0	18,490	18,490	0	18,490	31,117	49,607
20. Fees, Subscriptions & Promotion	0	0	3,769	3,769	0	3,769	3,907	7,676
21. Clerical & General Office	63,480	4,358	20,769	88,607	0	88,607	77,779	166,386
22. Employee Benefits & Payroll	0	0	298,871	298,871	0	298,871	0	298,871
23. Inservice Training & Education	0	0	579	579	0	579	997	1,576
24. Travel and Seminar	0	0	1,026	1,026	0	1,026	2,800	3,826
25. Other Admin. Staff Trans	0	0	7,448	7,448	0	7,448	7,909	15,357
26. Insurance-Prop.Liab.Malpractice	0	0	100,443	100,443	0	100,443	1,961	102,404
27. Other (specify)*	0	0	0	0	0	0	22,668	22,668
28. Total General Adminis	139,778	4,358	666,395	810,531	0	810,531	25,525	836,056
29. Total General Administrative	1,669,611	330,933	850,270	2,850,814	0	2,850,814	67,809	2,918,623
30. Depreciation	0	0	124,461	124,461	0	124,461	11,736	136,197
31. Amortization of Pre-Op. & Org.	0	0	0	0	0	0	0	0
32. Interest	0	0	215,888	215,888	0	215,888	31,925	247,813
33. Real Estate	0	0	61,649	61,649	0	61,649	-791	60,858
34. Rent - Facility & Grounds	0	0	0	0	0	0	3,855	3,855
35. Rent - Equipment & Vehicles	0	0	24,014	24,014	0	24,014	135	24,149
36. Other (specify):*	0	0	0	0	0	0	0	0
37. Total Ownership	0	0	426,012	426,012	0	426,012	46,860	472,872
38. Medically Necessary T	0	0	0	0	0	0	0	0
39. Ancillary Service Cent	0	32,901	0	32,901	0	32,901	0	32,901
40. Barber and Beauty Shop	0	0	0	0	0	0	0	0
41. Coffee and Gift Shops	0	0	0	0	0	0	0	0
42	0	0	109,800	109,800	0	109,800	0	109,800
43. Other (specify):*	0	0	23,885	23,885	0	23,885	-23,885	0
44. Total Special Cost Ce	0	32,901	133,685	166,586	0	166,586	-23,885	142,701
45. Grand Total	1,669,611	363,834	1,409,967	3,443,412	0	3,443,412	90,784	3,534,196

	Operating	After Consolidation
General Service Cost Center		
1. Cash on hand and in banks	-153,840	-153,840
2. Cash - Patient Deposits	0	0
3. Accounts & Notes Recievable	687,440	687,440
4. Supply Inventory	0	0
5. Short-Term Investments	0	0
6. Prepaid Insurance	12,619	12,619
7. Other Prepaid Expenses	0	0
8. Accounts Receivable-Owner/Related Party	0	0
9. Other (specify):	0	0
10. Total current assets	546,219	546,219
LONG TERM ASSETS		
11. Long-Term Notes Receivable	0	0
12. Long-Term Investments	0	0
13. Land	200,000	200,000
14. Buildings, at Historical Cost	1,538,319	1,561,272
15. Leasehold Improvements, Historical Cost	0	0
16. Equipment, at Historical Cost	571,490	548,537
17. Accumulated Depreciation (book methods)	-195,450	-185,653
18. Deferred Charges	0	0
19. Organization & Pre-Operating Costs	0	0
20. Accum Amort - Org/Pre-Op Costs	0	0
21. Restricted Funds	0	0
22. Other Long-Term Assets (specify):	0	0
23. other (specify):	0	0
24. Total Long-Term Assets	2,114,359	2,124,156
25. Total Assets	2,660,578	2,670,375
CURRENT LIABILITIES		
26. Accounts Payable	213,534	213,534
27. Officer's Accounts Payable	0	0
28. Accounts Payable-Patients Deposits	0	0
29. Short-Term Notes Payable	0	0
30. Accrued Salaries Payable	78,591	78,591
31. Accrued Taxes Payable	0	0
32. Accrued Real Estate Taxes	58,875	58,875
33. Accrued Interest Payable	0	0
34. Deferred Compensation	0	0
35. Federal and State Income Taxes	0	0
36. Other Current Liabilities (specify):	84,456	84,456
37. Other Current Liabilities (specify):	6,017	6,017
38. Total Current Liabilities	441,473	441,473
LONG TERM LIABILITES		
39.Long-Term Notes Payable	20,459	20,459
40.Mortgage Payable	2,420,000	2,420,000
41.Bonds Payable	0	0
42.Deferred Compensation	0	0
43.Other Long-Term Liabilities (specify):	0	0
44.Other Long-Term Liabilities (specify):	0	0
45.Total Long-Term Liabilities	2,440,459	2,440,459
46.Total Liabilities	2,881,932	2,881,932
47.Total Equity	-221,354	-211,557
48.Total Liabilities and Equity	2,660,578	2,670,375

	Balance per Medicaid Trial Balance
1. Gross Revenue - All levels of Care	2,959,764
2. Discounts and Allowances for all Levels	40,718
Subtotal - Inpatient Care	3,000,482
4. Day Care	0
5. Other Care for Outpatients	0
6. Therapy	159,548
7. Oxygen	47,031
Subtotal - Anciliary Revenue	206,579
9. Payments for Education	0
10. Other Governmental Grants	0
11. Nurses Aide Training Reimbursements	0
12. Gift and Coffee Shop	0
13. Barber and Beauty Care	0
14. Non-Patient Meals	1,431
15. Telephone, Television, and Radio	0
16. Rental of Facility Space	0
17. Sale of Drugs	53,297
18. Sale of Supplies to Non-Patients	0
19. Laboratory	28,770
20. Radiologyand X-Ray	0
21. Other Medical Services	3,028
22. Laundry	0
Subtotal - Other Operating Revenue	86,526
24. Contributions	0
25. Interest and Other Investments Income	88
Subtotal - Non-Operating Revenue	88
27. Other Revenue (specify):	98
28. Other Revenue (specify):	0
Subtotal - Other Revenue	98
30. Total Revenue	3,293,773
31. General Services	712,484
32. Health Care	1,327,799
33. General Administration	810,531
34. Ownership	426,012
35. Special Cost Centers	56,786
35. Provider Participation Fee	109,800
37. Other	0
40. Total Expenses	3,443,412
41. Income Before Income Taxes	-149,639
42. Income Taxes	0
43. Net Income or Loss for the Year	-149,639

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